

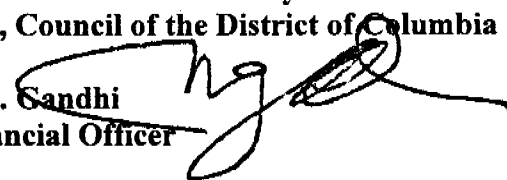
**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JUN 14 2007

**SUBJECT:** Fiscal Impact Statement: "Heurich House Foundation Real Property  
Tax Exemption and Equitable Real Property Tax Relief Act of 2007"

**REFERENCE:** Bill Number 17-143 as Introduced

---

**Conclusion**

Funds are not sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The proposed legislation would result in a negative fiscal impact on the local General Fund of \$225,000 in FY 2008 and an overall impact of \$616,000 for FY 2008 through FY 2011.

**Background**

The proposed legislation would amend Chapter 10 of Title 47 of D.C. Official Code to exempt from taxation for an indefinite period of time real property, and personal property on said real property, known as the Christian Heurich House (CHH), described as Lot 79 in Square 115 (located at 1307 New Hampshire Avenue, NW).

The legislation stipulates that the property remains exempt from taxation as long as the following conditions are met:

- The property remains owned by the Heurich House Foundation (Foundation);
- The property is used by the Foundation as a historic house museum and as an educational vehicle and is not used for any commercial purposes; and
- The CHH is maintained by the Foundation as a historical building and is accessible to the general public for a reasonable fee.

In addition, the proposed legislation would forgive and refund any real property taxes, transfer and recordation taxes, interest, penalties, fees, and other related charges assessed against property described as Lot 79 in Square 115 for the period from October 1, 2006 through the effective date of the proposed act.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. It is estimated that the proposed property tax exemption will reduce property tax collections by an estimated \$225,000 in FY 2008 and \$616,000 in FY 2008 through FY 2011. Because the legislation specifies that all payments of real property taxes, transfer and recordation taxes, interest, penalties, fees, and other related charges against the property be forgiven from October 1, 2006 through the effective date of the legislation, the Office of Tax and Revenue (OTR) would be required to issue a refund of approximately \$112,000 in the first year of implementation. The figure for FY 2008 in the table below reflects both the reduced revenue (\$113,000) for FY 2008 and the amount of previously collected payments (\$112,000).

| <b>Estimated Impact to the Financial Plan of the<br/>Heurich House Foundation Real Property Tax Exemption and<br/>Equitable Real Property Tax Relief Act of 2007</b> |                |                |                |                |                       |
|--|----------------|----------------|----------------|----------------|-----------------------|
| (\$ in 000s)   |                |                |                |                |                       |
| <b>Item</b>  | <b>FY 2008</b> | <b>FY 2009</b> | <b>FY 2010</b> | <b>FY 2011</b> | <b>4 - Year Total</b> |
| Reduced Revenue Collections  | \$225          | \$122          | \$130          | \$139          | \$616                 |

Note: Total for FY 2008 includes the amount paid in FY 2007 that would have to be refunded - \$112,000.